



Congressional Record

PROCEEDINGS AND DEBATES OF THE *109th* CONGRESS, FIRST SESSION

WEDNESDAY, OCTOBER 19, 2005

Senate

HURRICANE KATRINA RESPONSE

Mr. CARPER. Mr. President, today I rise to discuss how we could be doing better in our response to Hurricane Katrina. I just spoke with one of Louisiana's Senators coming over to the Chamber to speak, and the word that I heard with respect to the situation on the ground, particularly the response of FEMA to the ongoing crisis, was discouraging. We can do better. We have to be able to do better for the people there and for those who are footing the bill, the taxpayers.

Hurricane Katrina was truly an unprecedented event. It was in all likelihood the worst natural disaster in our Nation's history. It was certainly the worst natural disaster I have witnessed in my lifetime. I can understand then that there might be some mistakes made, that there might not be easy solutions to some of the problems faced by millions of Americans directly affected by this storm. But I believe there are too many key areas where we have experienced clear failures that just cannot be shrugged off. We have all heard about the slow initial response to the storm. We have also heard about the no-bid contracts that probably weren't necessary. But I am going to speak for a

few minutes today about a truly distressing failure that is leading to hardship among Katrina evacuees and is also wasting a lot of Federal taxpayer dollars.

As my colleagues are aware, hundreds of thousands of gulf coast residents have seen their homes severely damaged. Too many have seen them completely destroyed. Many of these people are still living far away from home, with little or no hope of returning to their communities any time soon, if ever. FEMA has moved swiftly in recent weeks to move Katrina evacuees out of temporary mass shelters that we saw in places such as the Astrodome in Houston. The problem is that many evacuees are still living in hotels today, waiting for FEMA to move them to longer term temporary housing. There have been a number of media reports recently that FEMA is currently spending millions of dollars every day to house hundreds of thousands of these evacuees in hotels around our country. The total cost of this program, according to the Washington Post this morning, will likely approach \$200 million by the end of this month alone. Worse yet, FEMA has apparently not even been

keeping track of the number of evacuees in hotels.

I ask unanimous consent that several articles on this subject be printed in the **RECORD**.

There being no objection, the material was ordered to be printed in the **RECORD**, as follows:

[From the Washington Post, Oct. 19, 2005]

A Big Cut in Katrina's Hotel Bill

(By Jacqueline L. Salmon and Spencer S. Hsu)

PROGRAM EVACUEES WERE MISCOUNTED, RED CROSS SAYS

The American Red Cross said yesterday that it has vastly overstated the number--and potential cost--of Hurricane Katrina evacuees staying in hotel rooms because of errors in how it interpreted its data.

Embarrassed officials from the charity acknowledged that instead of housing 600,000 displaced people, the hotel program--paid for by the federal government--is housing 200,000 storm evacuees.

Red Cross officials attributed the error to the misreading of daily reports from a consultant handling the hotel placements: Staff members mistook a cumulative tally of people who had lived in hotels to date for the daily hotel population.

"Clearly, somewhere we went off the track," said Armond Mascelli, Red Cross

vice president for domestic response operations.

Compounding the error, the Federal Emergency Management Agency kept no independent count of the program's beneficiaries or its costs, said FEMA spokeswoman Mary-Margaret Walker. She said FEMA apparently was relying on the erroneous numbers as it searched frantically for other housing options for evacuees.

The revision in the number of people in hotels could cut in half the \$425 million estimate for the program. It is also prompting FEMA to reevaluate long-term housing needs for storm evacuees, said spokeswoman Frances Marine. This month, FEMA's acting director, R. David Paulison, estimated that 400,000 to 600,000 households will require mid- to long-term housing.

The Red Cross said yesterday that it now expects the program to cost about \$220 million. FEMA does not pay for hotel rooms until it gets receipts, so the error has not cost the agency, Marine said.

FEMA officials said 1.6 million people have registered for assistance because of Hurricane Katrina and 700,000 people have sought help for damage caused by Hurricane Rita.

The hotel program, conceived by the Red Cross as shelters overflowed immediately after Katrina ravaged the Gulf Coast, has become the main housing program for evacuees.

This week, FEMA told housing industry representatives that it plans to move storm evacuees out of hotels and

into a less costly rental-assistance program as soon as Dec. 1.

FEMA officials have concluded ``that it's going to be quite a while before a lot of people can actually go back. Therefore, keeping people in hotels and motels for any extended period of time doesn't make sense," said Jim Arbury, a senior vice president for the National Apartment Association and National Multi Housing Council.

Red Cross officials said they learned of the error after a New York Times reporter alerted them to it Monday night. It comes as the charity tries to raise \$2 billion in private donations to cover its costs of caring for Katrina victims, a figure that does not include the hotel program.

The blunder is a black eye for the Red Cross that could taint the entire nonprofit sector, warned Paul Light, a New York University professor of public service.

``It's hugely embarrassing for the sector," Light said. ``I don't believe there is any malfeasance here. But the notion that the Red Cross simply cannot track where the money is going feeds into this growing concern that charities cannot be trusted to spend their money wisely."

--

[From the New York Times, Oct. 13, 2005]

\$11 Million a Day Spent on Hotels for Storm Relief

(By Eric Lipton)

WASHINGTON, Oct. 12.--Straining to meet President Bush's mid-October

deadline to clear out shelters, the federal government has moved hundreds of thousands of evacuees from Hurricane Katrina into hotel rooms at a cost of about \$11 million a night, a strategy local officials and some members of Congress criticize as incoherent and wasteful.

The number of people in hotels has grown by 60 percent in the past two weeks as some shelters closed, reaching nearly 600,000 as of Tuesday. Even so, relief officials say they cannot meet the deadline, as more than 22,000 people were still in shelters in 14 states on Wednesday.

The reliance on hotels has been necessary, housing advocates say, because the Federal Emergency and Management Agency has had problems installing mobile homes and travel trailers for evacuees and has been slow to place victims in apartments that real estate executives say are available throughout the southeast.

Hotel costs are expected to grow to as much as \$425 million by Oct. 24, a large expense never anticipated by the FEMA, which is footing the bill. While the agency cannot say how that number will affect overall spending for storm relief, critics point out that hotel rooms, at an average cost of \$59 a night, are significantly more expensive than apartments and are not suitable for months-long stays.

Officials in cities from Dallas to Atlanta, which are accommodating thousands of evacuees, give credit for getting 90 percent of the victims out of shelters. But they say they are frustrated

by FEMA's record in helping place people in more adequate housing.

“Deplorable. Disappointing. Outrageous. That is how I feel about it,” said the Atlanta mayor, Shirley Franklin, a Democrat, in a telephone interview on Wednesday. “The federal response has just been unacceptable. It is like talking to a brick wall.”

Even conservative housing experts have criticized the Bush administration's handling of the temporary housing response. “I am baffled,” said Ronald D. Utt, a former senior official at the Department of Housing and Urban Development and Reagan administration aide who is now a senior fellow at the Heritage Foundation, the conservative research organization. “This is not incompetence. This is willful. That is the only way I can explain it.”

Nicol Andrews, a FEMA spokeswoman, said the federal government was moving as quickly as it could to find temporary housing. But the scale of the catastrophe has made it difficult, she said.

“Clearly we have never encountered the size and scope of a disaster like Hurricane Katrina,” she said. “Housing half a million people is a challenge by any standard.”

The American Red Cross started the hotel program days after Hurricane Katrina struck, when it became clear that the shelters it had opened were not adequate to deal with the 600,000 to 700,000 families displaced by the storm, a spokeswoman, Carrie Martin, said.

The hotel program was intended to last a couple of weeks but has twice been extended by FEMA. Now Red Cross officials are saying there is no end to the initiative, which pays for 192,424 rooms in 9,606 hotels across the United States, in a range of cities as diverse as Casper, Wyo., and Anchorage, Alaska.

Congress last month appropriated a \$62.3 billion for the relief effort, most of it designated for FEMA. The agency had told Congress that it expected to spend more than \$2 billion to buy up to 300,000 travel trailers and mobile homes to house displaced residents. The agency also planned to give out \$23.2 billion in assistance to victims for emergency needs and for temporary housing and housing repairs.

But the temporary housing program has been troubled since the start, observers say. Instead of setting up as many as 30,000 trailers and mobile homes every two weeks, as of Tuesday, just 7,308 were occupied. Even counting berths on the four ships that FEMA has leased and rooms on military bases and elsewhere, the agency has provided only 10,940 occupied housing units for victims in the three Gulf states.

FEMA, reacting to criticism that it might create super-concentrated slums, has scaled back plans to build so-called FEMA villes with up to 25,000 trailers.

Even a less ambitious plan--complexes with 200 or so units--has been slow to unfold. FEMA officials cite the reluctance by some rural parishes or landowners to welcome evacuees.

But landowners and some state officials in Louisiana blame bureaucratic

fumbles by FEMA. Bill Bacque, co-owner of a trailer park in Lafayette, La., said he offered property for 45 trailers within days of the storm. Negotiations with FEMA were still under way this week, he said. ``Things do not move fast," Mr. Bacque said.

Late last month, FEMA began handing out \$2,358 for three months so that families in shelters or hotels could rent apartments.

To date, more than 415,000 households have been approved for that aid, totaling \$979 million. But FEMA officials cannot say how many families have used the money for apartments, or simply spent it on expenses while also living in a government-financed hotel room.

David Degruy, his wife, Debra, and their six children, of New Orleans, have done just that while staying in two rooms paid for by FEMA at the Greenway Inn and Suites in Houston.

``We're trying to save the money so that when do get in a house we'll be able to buy things," Mr. Degruy said. ``We eat out sometimes, we buy clothes, personal hygiene things."

Some officials criticize FEMA for a passive approach in dealing with cities and hurricane evacuees.

Representative Barney Frank, Democrat of Massachusetts, who sits on a House panel that helps oversee the housing effort, complained that it was unreasonable for the federal government to expect that a family led by jobless parents, with no car, little savings and

little familiarity with a new city could independently find an apartment.

``The administration's policy is incoherent and socially seriously flawed," he said in an interview.

Real estate officials say that although there are few available apartments in Louisiana, there are many vacancies in apartment buildings across the South, including perhaps 300,000 in Texas alone.

``What are these guys doing?" Jim Arbury, an official with the National Multi Housing Council, a group of building owners and managers, said of FEMA. ``All of this housing is available now."

Some housing experts say the Bush administration should follow the approach taken after the 1994 Northridge earthquake in Los Angeles, when displaced residents were given prepaid housing vouchers instead of having to negotiate and pay a lease on their own.

``We are wasting money hand over fist because we did not deploy the right policy tools," said Bruce Katz, a vice president at the Brookings Institution, a liberal research group in Washington. ``We could have thousands, if not tens of thousands of families, in stable permanent housing right now. And we would not have to turn to these costly measures, like hotels, motels and cruise ships."

Ms. Andrews, the FEMA spokeswoman, defended the housing policy. ``The program is designed to

give those who it affects the most the control over their own lives," she said.

Some cities, including Houston and San Antonio, have taken an active role in helping families find housing by creating their own voucher program, identifying vacant units, paying for six-month leases and then turning over the unit to the evacuees. FEMA has promised to reimburse the cities for the housing costs.

"You can't just give people a check and say, 'Good luck, we will see you,'" said San Antonio's assistant city manager, Christopher J. Brady. "It would not be a sufficient solution."

FEMA officials said other cities can set up similar programs. But Mayor Franklin of Atlanta and Mayor Laura Miller of Dallas have said they cannot do so without being paid in advance by the federal government.

Expressing frustration that she could not offer more help to the 39,000 displaced people who have come to Georgia, Mayor Franklin said FEMA's expectations that her city could advance housing money were unrealistic.

"Our government is not large enough to do that," she said. "We can't absorb the costs."

--

[From the Washington Post, Oct. 12, 2005]

Housing Aid Called Too Much, Too Little

(By Spencer S. Hsu)

FEMA CRITICS CITE WASTE AS EVACUEES STRAN TO PAY RENT

The Federal Emergency Management Agency's evolving efforts to shelter Hurricane Katrina victims continue to waste huge amounts of taxpayer dollars and could soon leave many evacuees short of money and facing eviction, according to renter advocates and housing industry officials.

The concerns focus on FEMA's extension of an \$8.3 million-a-day program to house 549,000 people in hotel rooms beyond an Oct. 15 deadline and its handling of a new rental assistance program, which offers displaced families a lump sum of \$2,358 for three months' rent. The disaster agency has previously drawn criticism for its troubled \$1 billion-plus effort to house hurricane evacuees in 125,000 trailers.

The National Low Income Housing Coalition, an advocacy group, said that because the rent program is based on the \$786-per-month national median rent for a two-bedroom apartment--rather than city-by-city rates used by the Department of Housing and Urban Development--many evacuees taken to more costly cities are already short on cash. Typically, the coalition said, renters must pay a deposit and first month's rent; it cited Washington as an example, where the average rent is about \$1,100 and where about 5,000 people have been resettled.

Apartment owners say they also are encountering problems collecting rents because FEMA hands money directly to storm victims, instead of using housing vouchers or payments to landlords as

HUD does for some low-income renters. Some families that left their homes with only what they could carry have used FEMA's cash for food, clothing and transportation.

“We felt if we did the right thing, FEMA would step up and provide housing assistance for all these folks. Here we are four weeks later, and a lot of these folks simply do not have rent money to pay,” said Kirk H. Tate, a member of Houston's Katrina housing task force and a partner at Orion Real Estate Services Inc., which manages 12,000 apartments in the city.

Houston authorities welcomed 20,000 Katrina households into rental units in as few as three or four days, mostly waiving deposit and rent requirements, Tate said. “The last thing we want to have to do is ask for them to move out when they can't pay the rent,” he said, but property owners have mortgages, utilities and expenses to pay and may need to start eviction proceedings by month's end.

Benicha McCraney, 49, left New Orleans two days before Hurricane Katrina with two children and a suitcase holding three days' worth of clothes. Now the family lives in a \$1,096-per-month two-bedroom apartment in a suburban Houston complex called Tranquility Bay.

She received \$2,358 for three months from FEMA but estimates her monthly expenses at about \$1,700.

With \$1,500 in savings and her husband, a police officer, fearing he will be laid off in New Orleans, McCraney is

worried about paying for children's clothes when the weather cools.

McCraney is not facing eviction yet, but having lost her home to floodwaters, she is postponing replacing the worn tires on her car. “I would like to stay here as long as I can,” she said. “I don't have anywhere else in the world to go.”

The warnings come as a wide range of players in the nation's housing and lodging industries express mounting exasperation with FEMA's shifting efforts to cope with the evacuee crisis. Although the administration has proposed cruise ships, trailers, President Bush's nascent “urban homesteading” initiative, hotels and now apartment grants, they say FEMA is ignoring advice from experts inside and outside the government.

“The normal FEMA programs just aren't working. They may be good for 1,500, 2,000 people, but when you're talking a half a million, they do not work,” said Douglas S. Culkin, executive vice president of the National Apartment Association.

Culkin said 1 million rental units are vacant in the southeastern United States at half the rate of FEMA's \$1,770-a-month hotel program. He called the current spending rate of \$250 million a month “a horrendous waste of tax dollars.”

Linda Couch, deputy director of the low-income housing coalition, agreed that taxpayer money could be saved by using vacant apartment units. “If the federal government made a choice to subsidize them at the rents they are available at, it looks like it still would be

less than having them live in a hotel," she said.

FEMA spokeswoman Nicol Andrews said that the agency's rental aid program can be extended to 18 months. If renters keep receipts and show that their housing costs exceed \$786 a month, FEMA will allow them to spend more on rent, Andrews said. But Congress has set a \$26,200 limit per family for FEMA aid of all kinds, including home repairs, for Katrina victims.

Andrews acknowledged that the trailer process is not moving as fast as the agency would like. She declined to comment on criticism from the housing sector but noted that FEMA is establishing huge new programs and that shelter populations have dropped 75 percent in two weeks.

The scale of Katrina's exodus is immense and growing. On Thursday, FEMA's acting director, R. David Paulison, increased the agency's estimate of the number of families expected to need housing for up to several months, from 300,000 to between 400,000 and 600,000.

FEMA said Friday that the number of people in temporary shelters, which Bush has pledged to clear by mid-October, has fallen to 31,500 from a peak of more than 300,000. FEMA is providing rental assistance to 412,000 displaced households and has registered 2 million storm victims.

"The recovery process for Hurricane Katrina will be neither fast nor easy," Paulison said. "Many . . . rightfully are concerned about the cost, as we all are."

Critics in Congress and elsewhere have focused on large trailer contracts and the difficulty FEMA has encountered in acquiring trailers and sites for trailer parks. So far about 6,800 FEMA trailers are occupied by emergency workers and evacuees across the Gulf Coast. Some also have criticized spending \$236 million to house 7,000 people on three Carnival Cruise Lines ships.

Last week, three major national apartment owner associations criticized FEMA for ignoring their offers of help and expressed bewilderment over why the agency extended the hotel program. The average room rate of \$59 per day is more than twice the cost of rental vouchers in HUD's low-income Section 8 housing program and the rental aid provided by FEMA and HUD to Katrina victims. It also exceeds the median monthly rent in some of the nation's most expensive cities.

The groups cited 50,000 vacant apartments in Dallas-Fort Worth alone and 1 million in the southeastern United States at rents that range from \$700 to \$1,200 a month-- vacancy totals confirmed by others outside the industry.

"Our message is simple. There are currently tens of thousands of available rental units that would offer evacuees the opportunity to more quickly recover from their devastating losses," the National Multi Housing Council, the National Apartment Association and the National Leased Housing Association wrote to HUD Secretary Alphonso Jackson and Homeland Security Secretary Michael Chertoff. "To extend the hotel program indefinitely prolongs homelessness and makes no sense," they said.

Housing officials point to the city of Dallas's Project Exodus as an example of better planning. It has placed about 1,000 people in 481 apartments using \$2.5 million raised through contributions by individuals and large companies. The units rent for HUD market rates, including utilities. Although city funds are set to expire after 60 days, Dallas expects FEMA to pick up costs after that.

Houston also has agreed to pay up to 12 months of housing assistance for Katrina victims, hoping for FEMA reimbursement, Tate said.

About 37,000 evacuees are in Dallas area hotel rooms, said Miller, and more than 150,000 evacuees are in rooms across Texas.

“We said, We can't wait for FEMA,” said Dallas Mayor Laura Miller. “What worries me is reading about all these other cities who are waiting for trailer homes to show up so they can re-create these trailer villages. That would be the worst thing you can do.”

While it is certainly reasonable to house evacuees in hotels on a short-term basis, this situation is simply unacceptable nearly 2 months after Katrina struck the coast. I am told that real estate and housing experts have pointed out that perhaps hundreds of thousands of suitable and likely much more affordable apartments could be had throughout the gulf coast region. I am certain that they could probably be had for significantly less than the cost of a hotel room. In addition, the Washington Post recently reported that a joint

FEMA-HUD rental assistance program is likely wasting millions of dollars. In at least some cases, the program is not doing much to help evacuees in some parts of the country find suitable housing.

Each evacuee participating in the voucher program, according to the Post, initially receives a subsidy amount based on the national median rent for 3 months. In some parts of the country, such as Houston, the national median rent probably isn't enough to find suitable housing. In other communities, it might be more than enough. This means that Katrina evacuees in some parts of the country may be getting more assistance than they need, and those in higher cost areas might not be getting what they need to provide for their families.

It has been suggested that the solution to the housing crisis in the gulf might be to place evacuees in trailers or some other form of manufactured housing. But I have heard reports that FEMA is buying many of its trailers straight off the lot at retail prices. I have also heard that there are thousands of trailers just sitting around unoccupied in vacant lots. We have all heard stories about how miserable some of the trailer camps are to live in that FEMA has set up in places like Florida.

We can do better than this. FEMA owes it to Katrina victims and to the American taxpayers to find a more comfortable, less expensive way to house our fellow Americans who are going through such a difficult time right now. That is why I am sending a letter today to Acting FEMA Director David Paulison to ask him to tell us exactly

what FEMA's plan is to get Katrina evacuees out of hotels and into more stable living environments so that they can begin the process of bringing their lives as close to normal as possible.

The problems and the waste we are seeing in FEMA's Katrina housing program remind me yet again that we need to do some work to ensure that the money we are spending to help Katrina victims is spent wisely and effectively. To date we have approved in the Congress \$62 billion for Katrina. More money will probably be needed, but given the number of stories we see almost on a daily basis now about financial mismanagement, about confusion at FEMA, and the Department of Homeland Security, we should not be writing a blank check.

A recovery effort this large needs additional oversight to make sure the money we are spending is going to the people who need it most, to make sure we eliminate wasteful spending and get the most bang for our buck, and to make sure we reduce the potential for fraud.

It is my understanding that we are not sure what legislation is coming to the floor next week. I have a suggestion. The Homeland Security and Governmental Affairs Committee, of which I am a member, approved two bills a couple of weeks ago that I believe are desperately needed to make sure Katrina recovery funds are spent properly and go to the people who are most in need.

One of the bills we passed would appoint a chief financial officer to oversee the day-to-day use of Federal

funds in the cleanup and reconstruction efforts underway in the gulf. I cosponsored this legislation with Senator *Coburn* of Oklahoma and Senator *Obama* of Illinois. It enjoys bipartisan support, including the cosponsorship, I believe, of both the Republican leader and Democratic leader of the Senate.

The chief financial officer would oversee the various Federal agencies involved in the recovery efforts and hold them financially accountable. The CFO would be Congress's personal watchdog, issuing periodic financial reports about whether the money is going to the people who need it the most and whether it is being used to hire local workers who need jobs.

The second bill would expand the authority of the inspector general assigned to Iraq reconstruction to oversee the Katrina recovery efforts. The expanded office would audit recovery operations and investigate allegations of waste, fraud, and inefficiency.

Together, these two bills would better protect American taxpayers and bring some much-needed accountability to the recovery efforts.

We shouldn't settle for the stories we see in the papers every day about the lack of decent housing for Katrina victims or the lack of competition for Federal contracts. We shouldn't read stories about waste and resign ourselves to the fact that waste is just something that happens in the Federal Government. We can do better, and we must. We owe it to the American taxpayers to do better, and we owe it to Katrina's victims to do better.